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The Financing of the Global Energy Efficiency and Renewable Energy Fund (GEEREF)

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Executive Summary

In an effort to address the financing gap for clean energy projects in developing countries, the Global Energy Efficiency and Renewable Energy Fund (GEEREF) was set up in late 2008 as an innovative financing instrument aimed at leveraging private investments with public funds. The purpose of this CEPS Policy Brief is to give an update on GEEREF with a special focus on its financing and possible impacts of the financial crisis.

Funding of GEEREF is currently at about €113 million for the period 2007-11. The European Commission estimated that the fund could leverage additional private risk capital of at least €300 million. This is not much compared to an estimated €75 billion of additional investment and financial flows required for climate change mitigation in developing countries in 2030. However, unlike some initiatives by international finance institutions, GEEREF aims to address the general lack of equity finance for small projects of up to €10 million in size. The first two GEEREF investments worth €22 million have been decided upon, in support of projects in Africa and Asia. The choice and success of these pilot-programmes are crucial for raising more finance from member states and international financial institutions in the future. The paper thus concludes that the strength of GEEREF is not its current financial volume but the innovative nature of the instrument. If well implemented from the start, it may not only attract financial support from other donors, but may also serve as a role model for the creation of similar public private partnerships.

MESSAGE 1: Energy poverty impedes development. The Millennium Development Goals cannot be reached without providing access to sustainable energy services to some 2.5 billion people.

Energy plays a crucial role in economic development. In much the same way that energy transitions provided for the industrial revolution and thus for increasing productivity and wealth in Europe, today's developing countries require access to affordable, reliable and sustainable energy services to fight poverty and to foster economic and industrial development. The lack of access to such energy services restricts productivity and locks developing countries into poverty, environmental degradation and unsatisfactory public health. This link between poverty and access to electricity, for example, has clearly been shown by IEA (2002), which finds a strong correlation between lack of access to electricity and the number of people living below $2 per day. Yet, some 2.5 billion people continue to rely primarily on traditional biomass fuels such as wood, dung and crop residue for cooking and heating and 1.6 billion people do not have access to electricity at all (UNDP, 2007). Most of these people live in the rural areas of South Asia (e.g. India and China) and sub-Saharan Africa.

The implications of energy poverty are manifold (see UNDP, 2007 and IEA, 2002). First, severe *health risks* are associated with the indoor use of solid fuels. Second, there is a *gender dimension* because it is largely women and young girls that spend hours gathering traditional biomass. They are

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also most exposed to the health effects of energy-inefficient appliances. Third, the extensive use of biomass entails numerous *economic costs*, direct and indirect. These include the costs of fuel wood and other sources of energy, the cost of using wood instead of modern fuels for cooking in inefficient stoves, reduced agricultural productivity due to the drain of potential fertilisers towards household use, and the opportunity costs of collecting biomass (instead of going to school or generating income). Fourth, there is the *environmental dimension* resulting from the fact that fuel wood collection and charcoal production leads to ecological damage such as deforestation or reduced soil productivity. Finally, insufficient access to modern energy sources in rural areas exacerbates *urbanisation*, putting additional pressure on cities to provide adequate services to their citizens and thus increasing the number of the urban poor further.

The reduction of energy poverty, although not one of the eight Millennium Development Goals (MDGs) itself, is thus vital for making progress towards most goals including the reduction of poverty and hunger, the elimination of gender disparities in primary and secondary education, the reduction of maternal health and child mortality and the achievement of environmental sustainability.

MESSAGE 2: OECD countries cannot fight climate change alone. International cooperation needs the involvement of developing countries – especially emerging economies.

In addition to efforts by OECD countries, developing countries – and especially emerging economies – will also need to address the challenge of climate change in the medium term. According to the reference scenario of the IEA (2008), global energy-related CO_2 emissions may increase by about 45% between 2005 and 2030, thus putting additional pressure on climate and life on earth. Some 97% of this increase comes from non-OECD countries, three-quarters from China, India and the Middle East alone. Limiting global warming to 2ºC above pre-industrial levels – a level below which EU policy-makers believe that irreversible ecological damages may still be avoided – will require cuts in global emissions of at least 50% by 2050 relative to 1990 levels (European Commission, 2007). Due to their historical responsibility for the accumulation of greenhouse gases in the atmosphere, this target would translate into reductions for industrialised countries in the magnitude of 80-95% by the same year (see, for example, Declaration on Climate Change of the First EU-South Africa Summit, 25 July 2008). While the EU has started to address the climate change challenge with the adoption of an energy and climate change package ('20 20 by 2020'), it was only responsible for roughly 11% of global GHG emissions in 2004 (own calculations based on IPCC, 2007 and UNFCCC, 2008a). It will therefore require a global alliance – including developing countries – to avoid dangerous climate change. The need for fast-growing developing countries to start reducing their emissions rapidly is well illustrated by the fact that even if all OECD countries were to reduce their GHG emission to zero by 2030 (which is highly unrealistic), non-OCED countries alone would exceed global emissions levels in line with the 2ºC threshold (IEA, 2009).

Addressing this twin challenge of poverty reduction and climate change mitigation will require innovative approaches to the supply of energy in developing countries. The large-scale introduction of renewable energy sources coupled with energy efficiency measures will be an important part of the solution. The importance of the development, transfer and deployment of environmentally sound technologies was also recognised at the global climate change negotiations in Bali (COP13), which in this context noted "with appreciation the progress made […] in establishing innovative financing partnerships such as the Global Energy Efficiency and Renewable Energy Fund […]" (UNFCCC, 2008b). Given the fact that most of the clean energy technologies are relatively mature, supporting mitigation efforts in developing countries "could yield relatively quick results, both in terms of reducing the costs of the technologies through increased installations and in terms of emission reductions" (UNFCCC, 2008c).

MESSAGE 3: Some €75 billion of additional investment and financial flows will be needed in 2030 for climate change mitigation in developing countries. Current new investments in clean energy in developing countries are at €19 billion.

Perhaps the most comprehensive analysis of existing and potential investment and capital flows to climate change mitigation in developing countries has been published by the UNFCCC (2007 and 2008c).[1] These investment flows include investments by governments, corporations or households in renewable energy and energy efficiency, but also in Carbon Capture and Storage

[1] Since GEEREF addresses energy efficiency and renewable energy projects – which are largely related to mitigation – the costs of adapting to climate change are not assessed in this paper. For more information on the financial impacts of climate change, please refer to Behrens (2008a and 2008b).

(CCS) and in Reducing Emissions from Deforestation and Degradation (REDD). The methodology of the UNFCCC analysis is based on a scenario analysis identifying additional investment in the year 2030 by comparing a reference with a mitigation scenario. It takes into account seven mitigation sectors (energy supply, industry, transport, buildings, waste, agriculture and forestry). The analysis concludes that an additional €161-169 billion[2] ($200-210 billion) from private and public sources would be required in the year 2030 to return global carbon dioxide equivalent emissions to the level of 2004 (49 Gt CO_2e). The share of investment and financial flows needed for climate change mitigation in developing countries (non-Annex 1 countries) is estimated at 46% of global additional investments, or about €75 billion in 2030. The most costly sectors for mitigation efforts will be transport, forestry and industry. However, due to low-cost mitigation options (including in the forestry sector) and inefficient energy use, these additional investments could help mitigate 68% of global emissions reductions.

These figures compare to current new investment in renewable energy sources and energy efficiency of €86 billion[3] ($118 billion) globally in 2007, of which some €19 billion ($26 billion) were made in developing countries[4] (UNEP SEFI, 2008). While new investments increased over the last five years, this trend is not expected to continue in 2009 due to the current global economic crisis. New investments in clean energy are very unevenly distributed among developing countries. China is dominating new investments with some €9.1 billion ($12.5 billion) in 2007. Brazil attracted another €4.2 billion ($5.7 billion) and India some €2.3 billion ($3.1 billion). Together, these three countries made up 82% of new investments in developing countries. Africa lags behind with a mere €0.9 billion ($1.3 billion). This contrast between emerging economies and less developed countries reflects the fact that fast-growing countries strive "to establish their own sustainable energy industries – both in terms of manufacturing capacity and installed generation", while countries at the other end of the scale are "struggling with implementing their first generation projects" (ibid.).

Included in the €19 billion of new investments in clean energy in developing countries are some €6.1 billion ($8.3 billion) provided by international organisations and development banks in 2007. The three largest investors were the European Investment Bank (€2.3 billion, $3.2 billion), the World Bank Group (€1.0 billion, $1.4 billion) and the European Bank for Reconstruction and Development (€0.9 billion, $1.2 billion). Most of the funding flows into renewable energy and clean water projects, but some organisations – such as the EBRD – also finance energy efficiency. Due to several commitments for the next few years, investments by development agencies are likely to increase substantially (UNEP SEFI, 2008).

In addition to multilateral investments, there are several bilateral programmes aimed at supporting clean energy in developing countries. For example, one of the largest of these programmes is the German *Sonderfazilität für Erneuerbare Energien und Energieeffizienz* (Special Facility for Renewable Energies and Energy Efficiency) which provides some €1.5 billion in low-interest loans to public and semi-public institutions in cooperation countries between 2005 and 2011 (BMZ, 2008).

MESSAGE 4: GEEREF aims to reduce investment risks for private capital of projects below €10 million in size.

Private sector financial resources can make an important contribution to climate change mitigation in developing countries (UNFCCC, 2008c). However, renewable energy and energy efficiency investments are not always economically attractive due to the fact that they have a public good component (i.e. costs and benefits are not always borne by the same economic agents). In addition, they are often not supported in developing countries due to the absence or limited effectiveness of environmental legislation. Other barriers for raising sufficient finance for private investment include high initial capital costs and the risks associated with higher pay-back periods, the need for higher rates of return to compensate for higher investment risks in developing countries (including market and currency risks), and higher transaction costs for small- and medium-sized projects (European Commission, 2006a). There is thus a need for "public resources and national policies [which] could provide the risk-adjusted returns desired by the private sector to invest in mitigation options and thus accelerate their implementation" (UNFCCC, 2008c). While international financial institutions cover some of these risks in the form of loans for large projects, smaller investments of €5-10 million are faced with a "general lack of equity finance" (European Commission, 2006a).

[2] Financial data originally quoted in 2005 USD was exchanged into EUR using the average 2005 USD/EUR exchange rate (1.2441). Source: Eurostat.

[3] Financial data originally quoted in 2007 USD was exchanged into EUR using the average 2007 USD/EUR exchange rate (1.3705). Source: Eurostat.

[4] These figures only represent new investment and exclude "existing public stock changing hands, buy-outs and acquisitions".

GEEREF has thus been conceived as a global Public Private Partnership to offer risk-sharing and co-funding options for various commercial and non-commercial investors. Examples of envisaged private investors include ethical investment funds, semi-private sources, private foundations, pension funds, etc. It is thus a global risk capital fund which will not lend or grant funds but "invest them with the aim of making sustainable profits for its investors" (Dimas, 2008). The idea is to leverage private investments by providing 'patient capital' which would accept lower returns thereby lifting returns for the private sector, accept longer investment or repay periods thereby addressing the issue of large upfront investments, and accept higher transaction costs thereby facilitating private investment in small- and medium-sized investment projects (European Commission, 2006a).

MESSAGE 5: After some delays, GEEREF was set up in November 2008 as the first compartment of the European Initiative on Clean, Renewable Energy, Energy Efficiency and Climate Change related to Development SICAV, SIF.

The European Commission proposed to set-up GEEREF as a fund of funds structure in 2006 (see European Commission, 2006a). The aim is to support small- and medium-sized energy projects designed to support sustainable development in developing economies and economies in transition. More concretely, the European Commission (2006a) estimated that once fully invested and leveraged, GEEREF could bring almost 1 gigawatt of clean energy capacity to developing countries, serving some 1-3 million people with sustainable energy services, and saving some 1-2 million tonnes of CO_2 equivalent per year. To achieve this, GEEREF needs to maximise the leverage of public funds in raising finance for investment in energy efficiency and renewable energy projects. There is thus a clear preference for projects that are "conducive to private sector engagement" (European Commission, 2006b). As noted above, the focus will be on projects below €10 million, as these are largely ignored by commercial investors. The European Parliament (2008a) urged the Commission to earmark "at least a third of the funds available for small-scale projects costing less than €1 million" in the conviction that these projects have the most difficulties to attract private investment. However, such an assignment of funds is currently not envisaged by the European Commission.

GEEREF was originally intended to be launched by mid-2007. After several delays, GEEREF was set up in November 2008 as the first compartment of the "European Initiative on Clean, Renewable Energy, Energy Efficiency and Climate Change related to Development SICAV, SIF" ('The Fund'). The latter is an investment company set up on 12 March 2008 (public limited company) and governed by the laws of Luxembourg. It intends to provide an investment platform for financially viable projects aimed at i) low-carbon energy sources, including energy efficiency, ii) combating climate change, iii) supporting sustainable development in developing countries and emerging economies and iv) promoting the protection of the environment (Prospectus of The Fund, 2008).

Within this umbrella fund, GEEREF has been set up as the first compartment for a limited period of 15 years, with the possibility to be extended twice by one year. GEEREF will generally not invest in beneficiary projects itself, but in new and existing Regional Funds in order to best address the "specific needs and risks in developing countries and countries in transition" (ibid.). These funds are "generally structured as equity or mezzanine financing instruments on a self-liquidating basis, which implies that if Regional Funds are performing to expectation, there will be cash income for Distribution to Investors." (ibid.). The potential size of individual Regional Funds is estimated at €5-100 million with an estimated GEEREF investment amount per Regional Fund of €2-20 million.

GEEREF's target markets will be i) sub-Saharan Africa, ii) East and South Asia and the Pacific, iii) non-EU Eastern Europe, Russia and Central Asia, iv) Latin America and the Caribbean and v) the Middle East and North Africa. There will be a focus on ACP countries, but investment decisions will largely be made according to project availability and financial performance. The technical emphasis will be on technologies with a proven track record, including small hydro, on-shore wind, mini hybrid-grids, solar, biomass, biogas, modern cooking fuels and bio fuels (ibid.). The European Commission is striving for both a regional balance of GEEREF beneficiary projects, as well as a thematic balance. At the same time, however, it will leave the technology choice largely up to the market.

MESSAGE 6: Funding of GEEREF is currently at about €113 million. This is not much compared to global requirements.

With current funding of €113 million over the period 2007-11, GEEREF is just above the minimum funding target of €100 million. The largest share is provided by the European Commission (€80 million). Other contributors are Germany (€24 million) and Norway (NOK80

million, currently worth €9 million[5]). When proposing GEEREF, the European Commission (2006a) expected that the fund could leverage additional private risk capital of at least €300 million up to €1 billion through regional sub-funds and at the project and SME level. These figures translate into an estimated leverage factor of 3-10. However, since 2006 the context has dramatically changed. With the current financial crisis and resulting decreases in private investment, it is rather unlikely that the upper estimation will be reached (see section on impacts of the financial crisis below).

Commission funding will be undertaken through the Thematic Programme for Environment and Sustainable Management of Natural Resources, including Energy (ENRTP). This Thematic Programme addresses the environmental dimension of development and other external policies and helps to promote the EU's environmental and energy policies abroad (European Commission, 2006c).

The ENRTP is legally based on the Development Cooperation Instrument (DCI), which allocates a total (indicative) amount of €804 million to the ENRTP for the period 2007-13 of which €469.7 million were earmarked for the period 2007-10 in the Multi-Annual Indicative Programme.

The 2007 Annual Action Programme implementing the ENRTP indicates €30 million of Commission commitments to GEEREF. Some €25 million have been committed to the Fund itself, and another €5 million to a "Support Facility" of the GEEREF, which will support the creation and operations of Regional Funds and help "to rationalise the full development potential of GEEREF's investments" (Prospectus of The Fund, 2008). Another €20 million have been committed under the 2008 Annual Action Programme implementing the ENRTP. In total, there have thus been commitments of €45 million to GEEREF proper (i.e. excluding commitments for the Support Facility). Since the first GEEREF beneficiary projects will only commence in mid-2009, most of the previous Commission commitments are currently kept on a trust account (€42.75 million). The rest (€2.25 million, representing 5% of the Community Contribution), will be paid on the basis of proof of the transfer of at least 80% of the first endowment from the Community budget to GEEREF under legally binding commitments to final beneficiaries. The third and fourth instalments (most likely in 2009 and 2010) will amount to €15 million each. It should be noted, however, that the third instalment of €15 million has been assigned by the European Commission to the €21.7 million reserve imposed by the European Parliament on the ENRTP budget for 2009. Should this reserve not be lifted by the European Parliament, a single instalment of €30 million would be made in 2010.

The German commitment of €24 million will be paid in four tranches of €6 million each between 2008 and 2011. It is administered by Germany's Federal Environment Ministry (BMU) and is based on the conviction that technology transfer to developing countries is the central solution for decoupling the growth of energy consumption and GHG emissions in developing countries (BMU, 2006).

Norway has pledged NOK80 million, allocated in four tranches of NOK20 million between 2008 and 2011. When the Norwegian decision to contribute to GEEREF was made, it was estimated that the financial commitments would be the equivalent of €10 million. However, due to the depreciation of the Norwegian Crown over the last months, the Norwegian contribution has effectively decreased by 10% to a current level of slightly above €9 million. While the future the development of the Norwegian Crown is not predictable, the Norwegian Government is considering compensating for the exchange rate change by readjusting the Norwegian contribution accordingly.

The European Commission, Germany and Norway are supported by the European Investment Bank (EIB) and the European Investment Fund (EIF) which "will select the investment opportunities, monitor the investments and raise funding" (EIF, 2009).

MESSAGE 7: The first two GEEREF investments worth €22 million have been decided upon, in support of projects in Africa and Asia. Up to two further investments may be announced in 2009.

In early December 2008, the GEEREF Investment Committee preliminarily approved investments totalling €22 million. Two commercial renewable energy investment funds will benefit from these investments. One of these funds focuses on projects in sub-Saharan Africa and the other on projects in Asia, with special emphasis on India. According to the European Commission (2008), "both funds will invest equity in renewable energy projects such as wind energy generation, small hydro-electric generation, biomass and methane recovery". Unfortunately there is not much more information about the planned investments due to the confidential nature of the negotiations. Concrete

[5] Financial data originally quoted in NOK was exchanged into EUR using the average March 2009 NOK/EUR exchange rate (8.8388). Source: Eurostat.

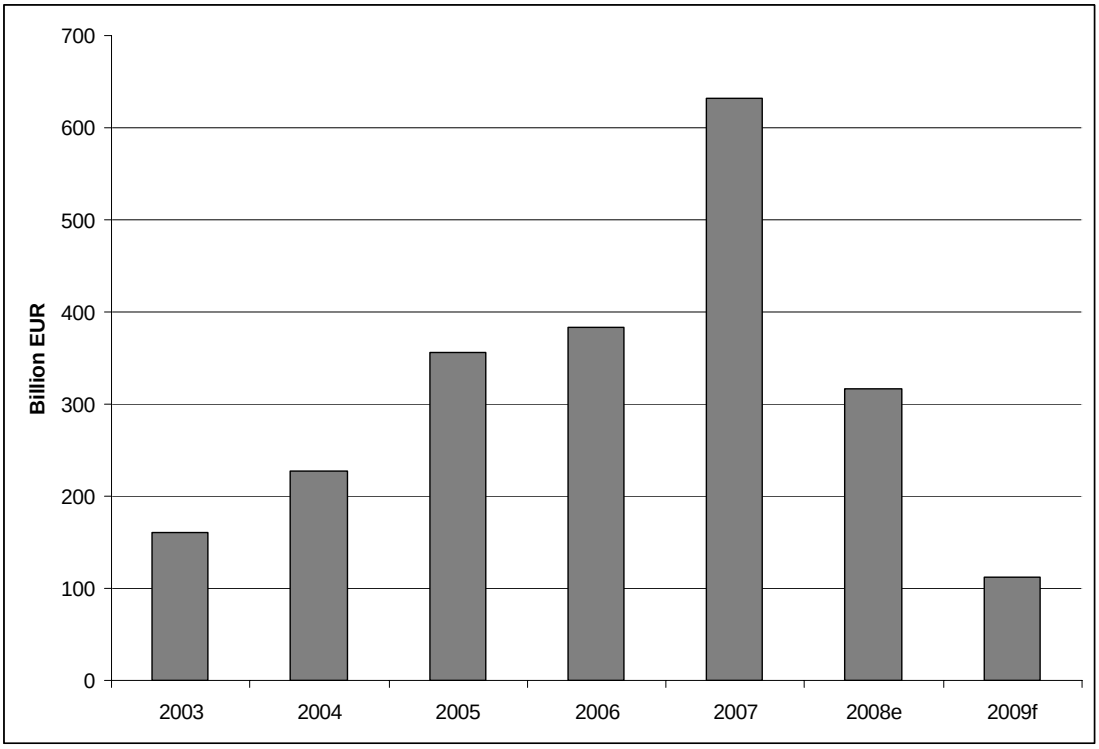
information about the projects to be supported will only be available when the contracts have been signed, which is expected to take place by mid-2009. Until the end of 2009, the GEEREF Investment Committee may take further decisions to support one or two more yet unspecified sub-funds.

MESSAGE 8: The current financial crisis is most likely to reduce the leverage factor of GEEREF.

As noted above, the European Commission originally estimated the leverage factor of GEEREF to be in the range of 3-10. This means that public investments of about €100 million could attract additional private risk capital of between €300 million and up to €1 billion. However, since 2006 the situation on capital markets has dramatically changed. While it is too early to assess the full impact of the financial crisis on developing countries, the Institute of International Finance (2009) projects that private capital flows to emerging economies have started to decline rapidly since 2008. In 2007 net private capital flows to emerging economies amounted to a record level of €632 billion ($929 billion). Estimates for 2008 show a decline to €317 billion ($466 billion), while in 2009 they may fall to as low as €112 billion ($165 billion). See Figure 1.

GEEREF will most probably be affected by these developments in several ways. First, due to the short-term focus of many private investors and sharply tighter credit conditions, some investments will be cancelled or postponed. The latter would affect GEEREF in the short-term, but probably less so in the long-term when the global economy recovers. Second, with the stark decline of the price of oil and other fossil fuels, renewable energy and energy efficiency projects will become less competitive. This may change in the long-term, both because costs for clean energy technologies decrease as the technologies mature, but also because the oil price is expected to increase as the crisis loses its force. The first phase of GEEREF until 2011 will, however, most likely be negatively affected by oil market developments. Third, the economic slowdown is eroding the accumulated gains towards the Millennium Development Goals and has set back the development process in poor countries by several years. In addition, the collapse of commodity prices affects the foreign exchange and tax revenues of many poor countries, which rely on commodities for large shares of their economies.

Figure 1. Net private capital flows to emerging economies 2003-07, projected 2008-09



Note: While not explicitly mentioned in the original source document, it is assumed that financial data have been quoted in 2008 USD. The figures were exchanged into EUR using the average 2008 USD/EUR exchange rate (1.4708). Source: Eurostat.

Source: Adapted from Institute of International Finance (2009).

The related increase in poverty will have local impacts on households' capacities to pay, and may also increase political instability and increase the risks of investments in developing countries (including economic risks). This will add to an already-elevated risk averseness of investors due to the financial crisis. Finally, Official Development Assistance (ODA) will be affected by the crisis as governments spend public money on stimulus packages while regarding ODA as a 'soft target' for curbing expenditures (UNCTAD, 2009). In recent banking crises, ODA "dipped anywhere from 20% to 40%" (ibid.) before recovering several years later. GEEREF, which is registered as ODA by the OECD Development Assistance Committee (DAC), may be affected by such developments because they make the European Commission's efforts to encourage more financial support for GEEREF from other potential donors more difficult.

The European Commission will need to assess how these and other developments will influence private capital for GEEREF projects. However, it seems quite unlikely that €1 billion of private risk capital can be raised. On the one hand, this will reduce the impact of GEEREF by reducing its potential overall size. On a more positive note, it could also be argued that an innovative financing instrument like GEEREF will be even more important in times of economic turmoil to support private investment (Solheim, 2008).

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MESSAGE 9: The choice and success of GEEREF pilot-programmes are crucial for raising more finance from member states and international financial institutions in the future. Additional funding from the auctioning of ETS allowances should further be considered.

In its report on GEEREF, the European Parliament (2008) noted that GEEREF's level of funding was "woefully inadequate". It urged the Commission "to increase its contribution while at the same time encouraging Member States as well as multilateral finance institutions to join forces in order to significantly increase the size of the fund". The European Parliament also called "for many more Member States to offer financial support". The report dates from January 2008. Since then, no new contributors have joined the European Commission, Germany and Norway in funding GEEREF. While Italy had originally pledged some €8 million, there seems to have been a change of strategy because GEEREF went ahead without the Italian contribution.

Future contributions to GEEREF depend considerably on the choice and success of the pilot-programmes. If GEEREF beneficiary projects can prove to make a difference where investments would otherwise be impeded due to the reasons described above, it will be easier for governments to

justify their potential contributions. GEEREF has been set up for a maximum of 17 years. Given its innovative nature and the small size of beneficiary projects, it would be imprudent to invest large amounts of money from the beginning. If the starting phase until 2011 proves to be a success despite the limited resources, there will be good arguments for increasing the budget.

In addition, there may be an option for GEEREF to receive additional funding from auctioning revenues of ETS emissions allowances. The new EU ETS Directive, as approved by the European Parliament on 17 December 2008 (European Parliament, 2008b), explicitly mentions GEEREF as one of the potential beneficiaries of the ETS revenues. While this is not binding, it shows that there is potential for increasing the size of GEEREF.

CONCLUSION: The strength of GEEREF is not its current financial volume but the innovative nature of the instrument. If effectively implemented, it may not only attract financial support from other donors, but may also serve as a role model for the creation of similar public private partnerships.

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Founded in Brussels in 1983, the Centre for European Policy Studies (CEPS) is among the most experienced and authoritative think tanks operating in the European Union today. CEPS serves as a leading forum for debate on EU affairs, but its most distinguishing feature lies in its strong in-house research capacity, complemented by an extensive network of partner institutes throughout the world.

Goals

- To carry out state-of-the-art policy research leading to solutions to the challenges facing Europe today.
- To achieve high standards of academic excellence and maintain unqualified independence.
- To provide a forum for discussion among all stakeholders in the European policy process.
- To build collaborative networks of researchers, policy-makers and business representatives across the whole of Europe.
- To disseminate our findings and views through a regular flow of publications and public events.

Assets

- Complete independence to set its own research priorities and freedom from any outside influence.
- Formation of nine different research networks, comprising research institutes from throughout Europe and beyond, to complement and consolidate CEPS research expertise and to greatly extend its outreach.
- An extensive membership base of some 120 Corporate Members and 130 Institutional Members, which provide expertise and practical experience and act as a sounding board for the utility and feasability of CEPS policy proposals.

Programme Structure

CEPS carries out its research via its own in-house research programmes and through collaborative research networks involving the active participation of other highly reputable institutes and specialists.

Research Programmes

Economic & Social Welfare Policies
Energy, Climate Change & Sustainable Development
EU Neighbourhood, Foreign & Security Policy
Financial Markets & Taxation
Justice & Home Affairs
Politics & European Institutions
Regulatory Affairs
Trade, Development & Agricultural Policy

Research Networks/Joint Initiatives

Changing Landscape of Security & Liberty (CHALLENGE)
European Capital Markets Institute (ECMI)
European Climate Platform (ECP)
European Credit Research Institute (ECRI)
European Network of Agricultural & Rural Policy Research Institutes (ENARPRI)
European Network for Better Regulation (ENBR)
European Network of Economic Policy Research Institutes (ENEPRI)
European Policy Institutes Network (EPIN)
European Security Forum (ESF)

CEPS also organises a variety of activities and special events, involving its members and other stakeholders in the European policy debate, national and EU-level policy-makers, academics, corporate executives, NGOs and the media. CEPS' funding is obtained from a variety of sources, including membership fees, project research, foundation grants, conferences fees, publication sales and an annual grant from the European Commission.

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